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SUBJECT: EUROPEAN COMMISSION TO PROPOSE BINDING ENERGY EFFICIENCY
TARGETS ON MEMBER STATES

¶1. (SBU) Summary. The European Commission plans to propose binding energy efficiency targets for all EU Member States, according to a draft Communication outlining recommendations for improving Europe's energy efficiency. The Commission argues that the EU can only reduce energy consumption by 11% from projections by 2020, far short of the 20% indicative target agreed as part of the EU's Climate and Energy Legislative Package and one component of the EU's "20-20-20 in 2020" goals. The draft Communication also includes six other measures the Commission believes essential to meeting Europe's energy efficiency targets. The Commission is selling these seven measures as a way to create two million new jobs in the EU. The draft provided no timetable. End Summary.

¶2. (SBU) The European Commission is drafting a Communication to the EU Council and Parliament outlining its vision for how the EU can reach its goal to reduce energy consumption by 20% from projections by 2020. According to the Commission, the EU currently is on track to reduce energy consumption by only 8.5% based on provisions in the Climate and Energy Package, which details the EU's Emissions Trading Scheme (ETS), emissions reductions in all sectors not covered by ETS, renewable energy, and CO2 emissions from cars. Taking into account additional measures to be adopted, the reduction will still only amount to 11%. The projections for 2020, according to the Commission, indicate that the EU's energy consumption is now forecast to stabilize out to 2020, even though GDP is expected to rise by 28% from 2005 levels.

¶3. (SBU) The Commission argues that in order to meet the 20% indicative target, the EU must complement the existing framework with a binding target, much as it has done with emissions reduction and renewable energy use targets. The Commission plans to propose a directive imposing binding energy efficiency targets for all EU Member States, noting that this proposal will be designed in a manner compatible with the existing legislation. However, no timetable is included, and there appears to be no clear decision on how to structure such a proposal.

¶4. (SBU) In addition to the binding energy efficiency target proposal, the draft also outlines six other measures necessary to meet its goals. The most detailed of the proposals calls for refurbishing 15 million buildings by 2020, an effort the Commission believes can reduce the EU's final energy consumption by 11% by ¶2020. Second, the Commission also plans to develop policies for Member States to impose binding obligations on utilities to invest in energy efficiency. The Commission also calls for policies to improve energy efficiency in urban areas, "using the full potentials of Small and Medium Enterprises (SMEs)," and improving energy efficiency awareness by European citizens. Finally, the Commission argues that international cooperation is critical for improving energy efficiency measures, though it argues that harmonization at a global level is difficult because of the diverging legislative approach among the EU, Japan, and the United States.

¶5. (SBU) Comment. As there is no clear timetable for any of the proposals, a fact noted by several NGOs, it remains unclear how successful the Commission will be in implementing these provisions, most notably the call for binding energy efficiency targets in Member States. In the current global economic climate, several

Member States are not receptive to additional financial burdens in the name of climate change. Several EU officials explained that it would have been nearly impossible to pass the Climate and Energy Package if it was up for debate in 2009, as opposed to 2008, given the economic situation. However, these proposals provide an additional opportunity for transatlantic cooperation, as several Commission officials would like to work more closely with the United States, noting that the proposed U.S.-EU Energy Council provides an ideal forum for such cooperation. End comment.

MURRAY